



Debtor

Novation Companies, Inc.

Name

Case number (if known) 16-

## 7. Describe debtor's business

## A. Check one:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))  
☐ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))  
☐ Railroad (as defined in 11 U.S.C. § 101(44))  
☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))  
☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))  
☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))  
☒ None of the above

## B. Check all that apply:

- ☐ Tax-exempt entity (as described in 26 U.S.C. § 501)  
☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)  
☐ Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor. See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.

5 5 1 1

## 8. Under which chapter of the Bankruptcy Code is the debtor filing?

## Check one:

- ☐ Chapter 7  
☐ Chapter 9

☒ Chapter 11. Check all that apply:

- ☐ Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,566,050 (amount subject to adjustment on 4/01/19 and every 3 years after that).  
☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). If the debtor is a small business debtor, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if all of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).  
☐ A plan is being filed with this petition.  
☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).  
☒ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the *Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11* (Official Form 201A) with this form.  
☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

☐ Chapter 12

## 9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?

☒ No

- ☐ Yes. District \_\_\_\_\_ When \_\_\_\_\_ Case number \_\_\_\_\_  
 MM / DD / YYYY  
 District \_\_\_\_\_ When \_\_\_\_\_ Case number \_\_\_\_\_  
 MM / DD / YYYY

If more than 2 cases, attach a separate list.

## 10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?

☐ No

- ☒ Yes. Debtor See attached schedule Relationship \_\_\_\_\_  
 District \_\_\_\_\_ When \_\_\_\_\_  
 Case number, if known \_\_\_\_\_  
 MM / DD / YYYY

List all cases. If more than 1, attach a separate list.

Debtor Novation Companies, Inc.  
Name

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**11. Why is the case filed in this district?**

Check all that apply:

- ☒ Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.
- ☐ A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

**12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?**

☒ No

☐ Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.

**Why does the property need immediate attention?** (Check all that apply.)

- ☐ It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.  
 What is the hazard? \_\_\_\_\_
- ☐ It needs to be physically secured or protected from the weather.
- ☐ It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).
- ☐ Other \_\_\_\_\_

**Where is the property?**

Number \_\_\_\_\_ Street \_\_\_\_\_  
 \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

**Is the property insured?**

- ☐ No
- ☐ Yes. Insurance agency \_\_\_\_\_  
 Contact name \_\_\_\_\_  
 Phone \_\_\_\_\_

**Statistical and administrative information**

**13. Debtor's estimation of available funds**

Check one:

- ☒ Funds will be available for distribution to unsecured creditors.
- ☐ After any administrative expenses are paid, no funds will be available for distribution to unsecured creditors.

**14. Estimated number of creditors**

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> 1-49 | <input type="checkbox"/> 1,000-5,000   | <input type="checkbox"/> 25,001-50,000     |
| <input type="checkbox"/> 50-99           | <input type="checkbox"/> 5,001-10,000  | <input type="checkbox"/> 50,001-100,000    |
| <input type="checkbox"/> 100-199         | <input type="checkbox"/> 10,001-25,000 | <input type="checkbox"/> More than 100,000 |
| <input type="checkbox"/> 200-999         |  |  |

**15. Estimated assets**

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> \$0-\$50,000          | <input type="checkbox"/> \$1,000,001-\$10 million             | <input type="checkbox"/> \$500,000,001-\$1 billion     |
| <input type="checkbox"/> \$50,001-\$100,000    | <input checked="" type="checkbox"/> \$10,000,001-\$50 million | <input type="checkbox"/> \$1,000,000,001-\$10 billion  |
| <input type="checkbox"/> \$100,001-\$500,000   | <input type="checkbox"/> \$50,000,001-\$100 million           | <input type="checkbox"/> \$10,000,000,001-\$50 billion |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million          | <input type="checkbox"/> More than \$50 billion        |

Debtor Novation Companies, Inc.Case number (if known) 16-16. Estimated liabilities <sup>1</sup>

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> \$0-\$50,000          | <input type="checkbox"/> \$1,000,001-\$10 million              | <input type="checkbox"/> \$500,000,001-\$1 billion     |
| <input type="checkbox"/> \$50,001-\$100,000    | <input type="checkbox"/> \$10,000,001-\$50 million             | <input type="checkbox"/> \$1,000,000,001-\$10 billion  |
| <input type="checkbox"/> \$100,001-\$500,000   | <input checked="" type="checkbox"/> \$50,000,001-\$100 million | <input type="checkbox"/> \$10,000,000,001-\$50 billion |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million           | <input type="checkbox"/> More than \$50 billion        |

<sup>1</sup> Represents only liquidated amounts.**Request for Relief, Declaration, and Signatures**

**WARNING** — Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

## 17. Declaration and signature of authorized representative of debtor

- ☒ The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.
- ☒ I have been authorized to file this petition on behalf of the debtor.
- ☒ I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 07/20/2016  
MM / DD / YYYYx 

Signature of authorized representative of debtor

Rodney E. Schwatken

Printed name

Title Chief Executive Officer

## 18. Signature of attorney

x 

Signature of attorney for debtor

Date 07/20/2016

MM / DD / YYYY

Joel I. Sher

Printed name

Shapiro Sher Guinot & Sandler

Firm name

250 West Pratt Street, Suite 2000

Number Street

Baltimore

City

MD

State

21201

ZIP Code

410-385-4277

Contact phone

jis@shapirosher.com

Email address

00719

Bar number

MD

State



**Schedule to Voluntary Petition for Novation Companies, Inc.**

**Item 10. Are there any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?**

Debtor: NovaStar Mortgage LLC

Relationship: Subsidiary

District: Maryland

When:

Case Number, if known: 16-

Debtor: NovaStar Mortgage Funding Corporation

Relationship: Subsidiary

District: Maryland

When:

Case Number, if known: 16-

Debtor: 2114 Central, LLC

Relationship: Subsidiary

District: Maryland

When:

Case Number, if known: 16-

**NOVATION COMPANIES, INC.**

**SECRETARY'S CERTIFICATE**

July 19, 2016

I, Rodney E. Schwatken, the Secretary of Novation Companies, Inc. (the "Company"), do hereby certify that attached hereto as Exhibit A is a true and complete copy of resolutions duly adopted by the Company's Board of Directors at a meeting held on July 18, 2016, which resolutions are in full force and effect and have not been modified since their adoption.

IN WITNESS WHEREOF, the undersigned has executed this Secretary's Certificate as of the date first above written.

By: 

Name: Rodney E. Schwatken  
Title: Chief Executive Officer, Chief  
Financial Officer and Secretary

## **Exhibit A**

### **Resolutions**

**WHEREAS**, the Board and the Company's senior management ("**Management**") reviewed (i) the historical performance of the Company, (ii) the status of negotiations with representatives of the holders of unsecured senior notes issued pursuant to three separate indentures between the Company and The Bank of New York Mellon Trust Company, (iii) the Company's current operations, (iv) the Company's current liquidity and capital needs and (v) the current and long-term liabilities of the Company; and

**WHEREAS**, the Company and Management discussed commencing a case under the Bankruptcy Code in the Bankruptcy Court to obtain the benefits and protections of the Bankruptcy Code and to work with its creditor constituencies to seek to negotiate and file a plan of reorganization.

**RESOLVED**, that in the judgment of the Board, after consultations with counsel and Management, the Board deems that it is desirable and in the best interests of the Company, its creditors, and other interested parties, that a petition be filed by the Company seeking relief under the provisions of chapter 11 of the Bankruptcy Code; and it was further

**RESOLVED**, that the Board or agent authorized by the Board (each an "**Authorized Representative**") be, and each (acting alone) hereby is, authorized, empowered, and directed, in the name and on behalf of the Company, to execute and verify a petition under chapter 11 of the Bankruptcy Code and to cause the same to be filed in the Bankruptcy Court at such time that the Authorized Representative executing the same shall determine; and it was further

**RESOLVED**, that the law firms of Olshan Frome Wolosky LLP and Shapiro Sher Guinot & Sandler, P.A. are hereby employed as counsel, and Orrick, Herrington & Sutcliffe LLP as special litigation counsel, for the Company in the Company's chapter 11 case, subject to Bankruptcy Court approval; and it was further

**RESOLVED**, that any Authorized Representative be, and each (acting alone) hereby is, authorized, empowered, and directed to execute and file in the Company's chapter 11 case, all petitions, schedules, motions, lists, applications, pleadings and other papers, and, in connection therewith, to employ and retain all assistance by legal counsel, accountants, financial advisors, and other professionals, and to take and perform any and all further acts and deeds which such Authorized Representative deems necessary, proper, or desirable in connection with the Company's chapter 11 case, including, without limitation, negotiating and obtaining the use of cash collateral, and executing, delivering and performing any and all documents, agreements, certificates and/or instruments in connection with such use of cash collateral, with a view to the successful prosecution of such case; and it was further

**RESOLVED**, that any Authorized Representative be, and each (acting alone)



hereby is, authorized, empowered, and directed, in the name and on behalf of the Company, to cause the Company to enter into, execute, deliver, certify, file and/or record, and perform, such agreements, instruments, motions, affidavits, applications for approvals or rulings of governmental or regulatory authorities, certificates, or other documents, and to take such other actions that in the judgment of the Authorized Representative shall be or become necessary, proper, or desirable in connection with the Company's chapter 11 case; and it was further

**RESOLVED**, that the Company's engagement of Oberon as the Company's financial advisor, on such final terms to be negotiated and approved by the Company's Chairman and Chief Executive Officer, be, and hereby is, approved; and it was further

**RESOLVED**, that any specific resolutions that may be required to have been adopted by the Board in connection with the actions contemplated by the foregoing resolutions be, and they hereby are, adopted, and the officers of the Company be, and each of them acting alone hereby is, authorized to certify as to the adoption of any and all such resolutions and attach such resolutions hereto; and it was further

**RESOLVED**, that any and all past actions heretofore taken by any Authorized Representative in the name and on behalf of the Company in furtherance of any or all of the preceding resolutions be, and the same hereby are, ratified, confirmed, and approved in all respects.